

## Message Text

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FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC NIACT IMMEDIATE 0321

C O N F I D E N T I A L BRASILIA 5760

NODIS

E.O. 11652: GDS

TAGS: ENRG, ETRD, OVIP, BR

SUBJECT: DISCUSSION WITH FOREIGN MINISTER SILVEIRA ON PRODUCER/  
CONSUMER DIALOGUE

FOR THE SECRETARY FROM UNDERSECRETARY ROBINSON

1. IN MY MEETING TODAY WITH FOREIGN MINISTER SILVEIRA HE  
AND I AGREED THAT MY TRIP HAD BEEN VERY CONSTRUCTIVE AND  
HELPFUL. HE WAS APPRECIATIVE OF OUR PROPOSAL TO ESTABLISH  
AN INFORMAL CONSULTATIVE GROUP ON ECONOMIC AFFAIRS WITH A  
SUB-GROUP ON TRADE AND READILY ACCEPTED IT. HOWEVER, HE  
HAD HOPED WE COULD ESTABLISH A BROADER "COMMISSION" THAT  
WOULD FOCUS ON MANY PROBLEMS INSTEAD OF ON THE MOST  
DIFFICULT PROBLEM AREA BETWEEN THE USG AND THE GOB, THAT  
OF TRADE. HE IS AWARE THAT WE WOULD RATHER NOT ESTABLISH  
SUCH A COMMISSION NOW, BUT WANTS US TO KNOW HE IS STILL  
INTERESTED IF WE CHANGE OUR MIND. WE POINTED OUT THAT  
OUR LIMITED CONSULTATION ARRANGEMENT ON ECONOMIC AFFAIRS  
DID NOT DILUTE IN ANY WAY YOUR STRONG INTEREST IN  
CONTINUING HIGH LEVEL CONSULTATIONS WITH HIM ON A WIDE  
VARIETY OF PROBLEMS.

2. ON ENERGY, SILVEIRA SAID THE GOB FULLY RECOGNIZED THE  
NEED TO MOVE FORWARD AS SOON AS POSSIBLE WITH THE  
PRODUCER/CONSUMER DIALOGUE AND THAT IT WOULD SUPPORT THE  
CONSENSUS VIEW FOR THE PLAN I PRESENTED TO THEM. HOWEVER,  
HE FELT THE NEW STRUCTURE MIGHT RAISE ORGANIZATIONAL  
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PROBLEMS AND FAIL TO RESOLVE SUBSTANTIVE PROBLEMS. IN HIS

JUDGMENT, THE SUPPORT FOR THE PLAN BY IRAN, SAUDI ARABIA AND OTHERS IS LIMITED IN THAT SUCH ISSUES AS HOW TO SELECT THE 27, AND HOW TO DEAL WITH THE SUBSTANCE OF THE TWO NEW COMMISSIONS (COMMODITIES AND LEAST DEVELOPED COUNTRIES) WAS NOT WELL UNDERSTOOD AND WOULD BE DIFFICULT. AS AN EXAMPLE, HE SPOKE OUT STRONGLY AGAINST THE RECENT PAPER PRESENTED BY THE CONSUMER GROUP AS A PART OF THE COFFEE NEGOTIATIONS, SAYING THIS ACTION SET BACK THE PROGRESS BEING MADE AND ILLUSTRATED THAT THE US STANCE OF DEALING WITH SINGLE COMMODITIES ONE AT A TIME WOULDN'T WORK AND THAT THE OTHER COUNTRIES THAT WOULD BE DEALING WITH THESE ISSUES IN THE NEW COMMODITIES COMMISSION WOULD NOT AGREE WITH OUR APPROACH.

TO OVERCOME THE PERCEPTION THAT THIS WAS THE TOTAL EXTENT OF OUR IDEAS IN THIS AREA, I OUTLINED OUR OVERALL APPROACH TO THE COMMODITIES ISSUE POINTING OUT THAT OUR THINKING INCLUDED MUCH MORE THAN ONLY DEALING WITH A FEW COMMODITIES, ONE AT A TIME. HE WAS VERY SUPPORTIVE OF THIS OVERALL PLAN, BUT STILL INSISTED THAT LITTLE WOULD HAPPEN IN THE AREA OF SPECIAL COMMODITY AGREEMENTS. HE ALSO CITED KATZ' STATEMENT ON COMMODITIES OF TWO DAYS AGO AS ONE WHICH PULLED BACK FROM THE POSITION YOU HAD ALREADY SET OUT IN KANSAS CITY AND THE OECD.

3. HE CAUTIONED THAT BRAZIL WOULD NOT HAVE A GREAT DEAL OF INFLUENCE IN DETERMINING THE OUTCOME OF THE PROCESS SET IN MOTION BY THE PLAN TO RESUME THE PRODUCER/CONSUMER DIALOGUE BUT WOULD HELP WHERE IT COULD. HE REITERATED HIS BELIEF THAT ANY AGREEMENT BY IRAN, SAUDI ARABIA, VENEZUELA AND OTHERS TO GO FORWARD WITH THE DIALOGUE WAS, TO HIM, NOT DEEP. TO ANTICIPATE A HAPPY SOLUTION FROM A VERY UNHAPPY OPEC LDC GROUP (WHICH IS NOW FEELING PRESSURED BY MANY UNCERTAINTIES) WOULD BE UNWISE.

4. IN SUMMARY, SILVEIRA'S OPINION OF OUR PLAN TO RESUME THE PRODUCER/CONSUMER DIALOGUE IS THAT IT IS IMPORTANT TO MOVE AHEAD PROMPTLY AND THAT HE WOULD SUPPORT THE CONSENSUS. HE BELIEVES, HOWEVER, THAT THE PLAN IS MOSTLY ORGANIZATIONAL AND THAT THE SUPPORT EXPRESSED FOR IT SHOULD NOT BE TAKEN AT CONFIDENTIAL

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FACE VALUE. IN SHORT, HE IS NOT AT ALL CERTAIN THAT IT WILL WORK. HOWEVER, HE SAID HE VERY MUCH HOPED IT WOULD BE SUCCESSFUL. IN THE MEANTIME, HE PLANS TO CONSIDER THE PRODUCER/CONSUMER DIALOGUE MORE FULLY WITHIN THE GOB, AND WILL PROBABLY BE SENDING YOU A PERSONAL LETTER ON THIS ISSUE SOON. CRIMMINS

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